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January 29, 2014

The Honorable Kamala Harris
Attorney General
California Department of Justice
1300 I Street
Sacramento, CA 95814

Re: Fannie Mae Misconduct

Dear Ms. Harris:

As our state Attorney General and the state's highest ranking law enforcement officer, we are asking you to investigate the alleged collection of borrower contributions for short sales of properties conducted by Fannie Mae and its servicers. By requiring contributions from borrowers in exchange for consent to short sales, it appears that Fannie Mae and its servicers were in direct violation of SB 458 (Corbett, Chapter 82, Statutes of 2011).

The Federal Housing Finance Agency Oversight of Fannie Mae's Remediation Plan to Refund Contributions to Borrowers for the Short Sale of Properties audit released on January 15, the Federal Housing Finance Agency's Office of the Inspector General found that such actions resulted in a total of more than \$3 million being collected from approximately 1,222 California borrowers.

While we understand that Fannie Mae developed a Remediation Plan in October of 2013 to repay fees collected in violation of California law, it is disturbing that Fannie Mae failed to craft consistent guidelines for the remediation of these contributions and has left decisions regarding remediation to the very servicers who collected them in violation of California law in the first place. It appears that by failing to create consistent guidelines for its servicers both when the law came into effect and for the remediation of contributions charged in violation of the law, Fannie Mae has taken no initiative to ensure that California laws are followed and their borrowers protected.

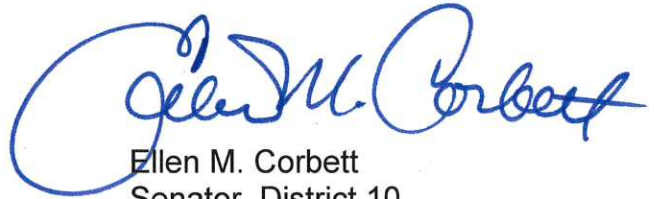
Fannie Mae must actively ensure that Californians charged these illegal contributions or fees be reimbursed as quickly as possible. We strongly urge you to immediately launch an investigation of Fannie Mae and its servicers' practice of collecting borrower contributions for short sales of properties in violation of California law.

Please feel free to contact our offices to discuss this matter further.

Sincerely,



Noreen Evans
Senator, District 02



Ellen M. Corbett
Senator, District 10

NE: ts
EMC:sd